

H.R. 5288, The Small Business Health Plans Act

Introduced by U.S. Representative Tom Allen

The Small Business Health Plans Act (SBHPA) would establish a small employer health benefits program for employers with 50 or fewer employees, overseen by the Secretary of HHS. The bill is designed to provide guaranteed, quality coverage at affordable rates to small businesses and their workers without preempting state requirements.

Under the SBHPA:

- Small employers will be provided access to at least two qualified health plans under which their employees may elect self-only or family health insurance coverage. If a state does not have at least two different qualifying plans, small businesses in that state may opt to enter a national health pooling arrangement modeled on the Federal Employees Health Benefits Program (FEHBP).
- Premium assistance will be available to small employers who cover at least 50 percent of an employee's premium. The level of premium assistance will be based on a sliding scale, taking into account the average level of compensation for employees, the number of employees of the employer, and profit margins of the small business.
- Health insurance coverage offered under SBHPs will meet the following requirements:
 - 1) coverage must be substantially similar to health benefits coverage in any of the four largest health benefit plans offered under FEHBP in that state.
 - 2) coverage must comply with state laws and regulations for group health insurance coverage for the State in which the coverage is offered.

Encouraging Plans to Participate

Participating insurance companies would be eligible for federal reinsurance coverage (up to 75 percent of costs) for catastrophic cases that reach \$100,000 for an individual in one year. Reinsurance is particularly important to the small group and individual insurance markets, which are especially vulnerable to the risk of "adverse selection": disproportionate enrollments of individuals with extraordinarily high medical costs.

Lowering Costs

The bill lower costs and improves by quality by encouraging:

- integration of health information technology tools.
- better management of chronic illness.
- an emphasis on disease prevention, health promotion, and evidence-based medicine considerations.

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